

DHS Review of Provider Capacity Subcommittee Survey Related to Child Welfare RFP & Contracting Process & Outcomes

February 20, 2009 revised

Introduction

DHS developed this response at the request of the Child Welfare Advisory Committee that DHS review the results of the Provider Capacity Subcommittee's provider survey. That survey focused on provider assessment of the impact of changes in child welfare contracting on outcomes for children and families and on providers. This response draws from other data available to DHS and is provided for consideration in analyzing the impact of contracting changes on children and families and on providers.

As the Child Welfare system of care evolves, so does the work of the Iowa Department of Human Services and the contracting with private providers for services. Throughout this progression, we are learning from one another in achieving our successes and meeting the challenges.

This response serves to respond to some of the same areas that were addressed in the provider survey, to clarify our process and to identify some of the lessons learned and outcomes we have achieved in the past several years. In this report, you will find several items related to contracting for child welfare services.

- I. Background on the Accountable Government Act and other related rule changes (*past*)
 - a. Move to competitive procurement
 - b. Performance based versus fee-for-service contracting
- II. Evaluating current results (*present*)
 - a. What the quantitative data tells us related to implementing new contracts: funding, children and family measures, provider performance
- III. What is being done to improve the child welfare RFP and contracting process (*future*)

There are some key themes that exist through a review of the data and processes.

- We are continually looking at the data to find ways to achieve better outcomes for children and families.
- We continue to focus on the children and families with the greatest needs and who are most at risk.
- Partnership efforts between public and private are focused on areas for improvement.

I. Background on changes in DHS changes in child welfare contracts (*Past*)

Over the last several years, DHS has made two major changes in how we contract for child welfare services.

- First, we have moved from an "open panel" system to the use of competitive procurement to select contractors.
 - Under an "open panel" system, any organization that meets a set of minimum qualifications can request a contract to provide the service.

- Under competitive procurement, DHS develops and publishes a Request for Proposal (RFP), and providers that want to deliver the service submit a proposal. DHS then selects one or more providers to contract with, based on an evaluation of the proposals received, using criteria that are published in the RFP.
- Second, we moved from “fee-for-service” contracts to “performance-based” contracts.
 - Under “fee-for-service” contracts, providers are paid for delivering specific services that are defined in the contract (e.g., skill development, counseling, supervision), based on increments of time (e.g., 15 minute units, a day of service). The payment is based on an “output”, not an “outcome” for the child or family.
 - Under “performance based” contracts, at least a portion of the payment is based on the achievement of outcomes that are specified in the RFP and resulting contract. In addition, the provider generally has more flexibility in what services they deliver to achieve the outcome.

DHS made these changes for several reasons.

- First, on 6-1-01, Governor Vilsack signed into law Chapter 8E, the Accountable Government Act (AGA). The AGA provides a framework for focusing on results. Among other things, the AGA calls for performance measures and targets to be included in service contracts. The intent is to better evaluate achievements and inform decisions.
- Second, the Department of Administrative Services adopted contracting rules in 2003, which require the use of competitive selection. Initially, we received a waiver from the Department of Administrative Services for child welfare services, due to the fact they were funded with Medicaid dollars and federal Medicaid regulations require an open panel. When child welfare services were no longer funded with Medicaid, the justification for the waiver ended.
- Third, the Legislature passed SF 453 in 2003. Division XV directed DHS to redesign the child welfare system, including language that directed DHS to incorporate the following design principles and considerations related to contracting and performance.
 - Principles
 - ✓ The methodology for purchasing performance outcomes includes definitions of performance expectations; reimbursement provisions; financial incentives; provider flexibility provisions; and viable protection provisions for children, the state, and providers.
 - ✓ The regulatory and contract monitoring approaches are designed to assure effective oversight and quality; they also address federal program and budget accountability expectations with appropriate recognition on the need to balance the impact upon service providers.
 - Considerations
 - ✓ Successful outcome and performance-based system changes made in other states and communities are incorporated.
 - ✓ Federal program and budget accountability expectations are addressed.
 - ✓ Options are considered for implementation of an acuity-based, case rate system that offers bonuses or other incentives for providers to achieve identified results and collaborative relationships with other providers.
 - ✓ Policy options are developed to address the needs of difficult-to-treat children, such as no-eject, no-reject time periods.

- ✓ Implementation of evidence-based and continuous learning practices is promoted in the public and private sectors in order to measure and improve outcomes.

II. Evaluating the Contracting Process – over the past few years to present (*Present*)

What the quantitative data is telling us related to implementing new contracts

Several questions in the provider survey asked for provider views on the impact of the contracting changes on the actual outcomes for children and families, such as safety and permanency. In this section, we examined other data sources that we use to measure child and family outcomes and to inform practice and decision-making.

Child and Family Service Review (CFSR) Outcomes

The chart below provides data on child safety and permanency, based on the Child Family Service Review (CFSR) standards that every state's child welfare agencies are charged to meet or exceed.

Outcome	Baseline (2003 Federal Review)	May – July 2007	Aug – Oct 2007	Nov 2007 – Jan 2008	Feb – April 2008	May – July 2008	Aug – Oct 2008	Data Source
Repeat Maltreatment Same perp, same type	11.4%	5%	4.7%	4.5%	4.2%	3.8%	4.1%	Admin Data
Abuse in FC (National Target 99.43%)	99.9%	99.8%	99.9%	99.9%	100%	99.9%	99.9%	Admin Data

Composite Measure	National Target or Standard Desired	Iowa Results for Quarter ending December 2008
Timeliness and Permanency of Reunification	122.6 or higher	114.928
Timeliness of Adoptions	106.4 or higher	100.058
Permanency for Children in Care Long Periods of Time	121.7 or higher	129.743
Placement Stability	101.5 or higher	93.786

The **Appendix A -Child Welfare Safety and Permanency Measures Over Time** identifies the timing of the various significant events, including the start of new contracts that were developed using the new competitive bidding and performance based contracting model. Even as the criteria for accepting children and families at greater risk into care changed, the graph shows that performance on the federal measures has remained fairly stable or improved.

Contract Surveys of Stakeholders, and DHS Staff

DHS also measures contractor performance through the use of satisfaction surveys related to the specific contract. The chart below shows the results of these surveys when asked “*My overall impression of the...*” specific contract.

Contract Type	Overall Impression Results
Foster Care and Adoption Recruitment & Retention	<ul style="list-style-type: none"> Current Resource Family Satisfaction Survey overall satisfaction for most recent available data (for 10/1 – 12/31/08) is at 91% of families neutral or better; 78% agree or strongly agree (n=92) DHS staff satisfaction survey for same period 60% neutral or better; 25% agree or strongly agree (n=60)
Community Care	<ul style="list-style-type: none"> Community Care family satisfaction survey as of quarter ending 12/31/08, 98% of families are satisfied overall (neutral to strongly agree) with community care services/ staff; 77% agree or strongly agree. (n=44)
Family Safety Risk & Permanency	<ul style="list-style-type: none"> 94% of families surveyed (n=94) re: safety and FSRP services for reporting period ending 12/31/08 (services delivered July – September 2008) indicated they were satisfied overall. Note; the service providers email, mail or hand this survey to the families 93% of DHS staff surveyed (n=293) indicated they were satisfied overall for the same time period. (“Satisfied” includes neutral, agree, strongly agree).

Expenditure for Services for Children

Over the past 4 years, in addition to changes in child welfare contracting, there have been changes in how behavioral health services are provided for children and how they are funded. DHS implemented the Children’s Mental Health waiver under Medicaid (effective October 1, 2005) as a means to provide behavioral health services to children and families that might otherwise have found it necessary to enter the child welfare or juvenile justice system to receive services. In October 2006, DHS “delinked” children’s rehabilitation treatment services (RTS) from child welfare and implemented the remedial services program (RSP) under Medicaid. Graph 2 in Appendix B shows that overall, total DHS expenditures for children’s services (including child welfare, juvenile justice and behavioral health) have increased as a result of these two changes, as well as implementation of Community Care and continued growth in the adoption subsidy program. Expenditures have increased from \$200.4 million in SFY 2005 to \$259.3 million in SFY 2008. **Appendix B - Graph 2 Total DHS Expenditures for Children’s Services SFY 2005 – SFY 2008** illustrates the total annual amount paid to child welfare providers, facilities, and adoptive and foster families. Note that this is an increase of 29.4% over this 4-year period.

This graph illustrates both the overall increase in expenditures for services to children, as well as the change in the “service mix”, i.e., the increase in behavioral health services outside the child

welfare/juvenile justice system, which is reflected in the reduction in expenditures for family centered services and development/expansion in expenditures CMH waiver and RSP services. It should be noted that the decline in expenditures for family centered/family safety-risk-permanency services between SFY 2007 and SFY 2008 largely reflects the start-up of family safety-risk-permanency services in SFY 2008; expenditures for these services will show an increase in SFY 2009. This graph also shows the reduction in expenditures for congregate care services (i.e., group care and shelter care).

The graphs titled “Changes in Provider Income from DHS Programs for Children SFY 2003 to SFY 2008” show the payments DHS made to a sample of individual providers of various “sizes” for the same services that are shown in Appendix B – Graph 2, over the time period SFY 2003 through SFY 2008. Note that the expenditures shown in these graphs reflect payments made by DHS to the primary contractor; they do not reflect either the fact that the agency may have subsequently made payments to one or more subcontractors, nor do they include payments the agency might receive as a subcontractor from another agency that had the primary contract.

Contract Performance

One of the ways DHS measures contractor performance is by regularly monitoring contractor performance on a set of specific outcome measures¹. For the Family Safety Risk Permanency (FSRP) contracts, there are incentive payments associated with these measures. The following data reflects the contract periods covering June 30, 2008 through December 31, 2008, for all 10 FSRP statewide contractors.

1,161 Total number of Eligible Cases for Stability Incentives

- 1,093 or 94.14% of eligible cases met the standard for family stability and earned the family stability incentive payment²

1,392 Total number Eligible Cases for Safety Incentives

- 1,293 or 92.89% of eligible cases met the standard for child safety and earned the “safe from abuse” incentive payment

The detailed incentives earned, by provider, for each service area, can be found in **Appendix C - Family Safety Risk Permanency & Safety Plan Contractors Cases Earning Incentives – June thru December 2008**.

III. What is being done to improve the Child Welfare RFP and Contracting Process (Future)

As stated in the beginning of this report, we continue to learn from and improve our contracting process. While our primary focus is on the results that children and families are achieving, we are also working to improve our partnership with all stakeholders. Currently we are involved in

¹ More detailed information about the outcome measures and performance incentive payments can be found in the Contract Face Sheets provided with this report.

a number of efforts to improve results and strengthen our partnerships with child welfare providers and resource families, many of which address topics included in the provider survey.

Quality Improvement Center for Public & Private Partnerships, sponsored by the Health & Human Services Child Bureau. For two consecutive years, we have had a public and private child welfare team from Iowa attend this conference. The focus has been on how to improve our partnership and learn from other states. The primary lesson learned from other states that have been successful – is to give the partnership time in order to cultivate the relationships, improve contracts, and increase performance results. The states working on this the longest noted it took 3-5 years before all were satisfied with the contracts and performance.

Family Safety Risk Permanency Contractors Meetings, which began in May 2008. This group was initially chaired by DHS, while providers submitted topics and issues to discuss to improve the services and supports. At the October 2008 meeting, DHS and contractors decided to have these meetings jointly chaired by DHS and a contractor representative to better ensure that agendas reflected contractor concerns and to strengthen the culture of partnership.

RFP and Contracting Process Changes. Several of the provider survey questions related to the contracting process, including consistency of bidding process, clarity of RFP's, performance measures included in the RFP's/contracts, etc. DHS has made a number of changes in both the RFP and contracting processes over the last year, based on our experiences and feedback from contractors and other stakeholders.

- For example, in 2008 DHS released a draft copy of the Community Care RFP for public comment before it was officially open for proposals. A number of groups and individuals were able to ask questions and provide comments that DHS used to refine the final RFP.
- DHS is also starting the contract renewals and annual reviews earlier; and, we are working with our contractors to determine the process and timeline. While contracts cannot be finalized until the upcoming DHS appropriations bill is approved, we can identify the key issues and performance needs months in advance. Once the appropriation has been finalized, the contract amendment or renewal details can be executed.
- DHS also decided to delay the competitive procurement for group care. This will allow DHS to first engage in a process of involving stakeholders in a discussion on the role of group care in the child welfare/juvenile justice systems and to release an RFP after there is a broader consensus on the issues.

Service Area Meetings. Beginning with the Safety Plan and Family Safety-Risk-Permanency contracts, DHS initiated a pre-implementation meeting and joint trainings with DHS and contractor staff; as well as regular, joint DHS-contractor meetings in the Service Areas and at the state level. Subsequently, DHS has initiated similar meetings with Iowa KidsNet, by setting up meetings between Iowa KidsNet and DHS Supervisors in each service area. Recently, a consultant used by both public and private partners facilitated a statewide meeting; the focus was a common approach to the work that requires both partner groups to achieve our CFSR goals.

Provider Training Contract with the Coalition, which was awarded in October 2008. One of the questions in the provider survey focused on provider staff training. The contract with the Coalition is funded at \$250,000 and provides funding for transportation, materials, and

instruction costs to all child welfare providers. DHS invited the Coalition to administer the provider training academy in order to ensure that the training met provider identified needs. The training focuses on topics that help providers meet the needs of the children and families and achieve the performance targets. DHS also established a joint committee of providers and DHS staff to help determine the best way to invest the remaining joint training funds for these public and private partners. The joint training funds have been in existence since SFY 2007.

Growth Mechanism for Child Welfare Services. Several of the survey questions relate to provider reimbursement, as well as financial risk for providers. In 2008, the Legislature directed DHS to submit a report identifying options for providing options for providing a growth mechanism for reimbursement of child welfare providers. DHS engaged representatives of providers to participate in a workgroup to explore options and to guide the development of the report. DHS submitted the report to the General Assembly on 2-9-09, and has posted the report on the DHS website. One of the options that DHS identified in the report included engaging our fiscal agent in an analysis of actual provider costs and DHS payment rates for child welfare services. DHS has initiated conversations with our fiscal agent to explore the process and cost of such as analysis, and will continue to engage providers as we move forward.

Child Welfare Partners Committee. Two of the questions in the survey directly asked about the relationship between DHS and providers, at both the state and local level; while others ask about issues that impact the DHS-provider contracting relationship. In December 2008, DHS and providers formed the Child Welfare Partners Committee, which is co-chaired by DHS and a child welfare provider. The emphasis of this group is work on developing shared solutions to address issues in our contractual relationship, such as those identified in the survey. There is a steering committee and four work groups (1) Understanding Roles Across Contracts, (2) Quality Assurance/Improvement and Monitoring, (3) Child Welfare Emergency Services, and (4) Training (including Family Interaction training). **See Appendices D-1 and D-2.** The steering committee also identified additional topics for future workgroups, including design/procurement/renewal, fiscal/budget, and group care. Specifically related to group care and contracting for group care, DHS is exploring possible technical assistance from Casey Family Programs to assist DHS in having conversations with stakeholders around the vision and role of group care within the child welfare and juvenile justice systems.

Closing

The child welfare system will continue to evolve. As all parties work to keep up with changing environments of family, organizations, federal and state legislation, and resource availability, the Department of Human Services recognizes the need for strong partnerships in setting and monitoring directions. The Department is always open to opportunities to hear from our stakeholders, including providers, families, youth, foster and adoptive parents, courts, county attorneys, etc.